



Sarah Baartman
DISTRICT MUNICIPALITY
Province of the Eastern Cape
progress through development

SARAH BAARTMAN DISTRICT MUNICIPALITY

Annual Financial Statements
for the year ended 30 June 2020

SARAH BAARTMAN DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2020

General Information

Legal form of entity

District Municipality (DC10)
Sarah Baartman District

Nature of business and principal activities

Municipal services

Legislation governing the municipality's operations

Local Government: Municipal Finance Management Act (Act no.56 of 2003)
Local Government: Municipal Systems Act (Act 32 of 2000)
Local Government: Municipal Structure Act (Act 117 of 1998)
Constitution of the Republic of South Africa (Act 108 of 1998)
Municipal Property Rates Act (Act 6 of 2004)
Division of Revenue Act (Act 1 of 2007)

Mayoral committee

Executive Mayor

KE Kekana

Speaker

ME Njadayi

Portfolio Councillor: Finance

VS Stuurman

Portfolio Councillor: Corporate Services

P Faxi (Appointed 12 July 2019)

Portfolio Councillor: Infrastructure Development and
Community Services

N Gaga (Appointed 3 July 2019)

Portfolio Councillor: Planning and Economic Development

S Lucas

Portfolio Councillor: Special Projects

Z Funiselo

Accounting Officer

DM Pillay

Acting Chief Financial Officer (CFO)

K Abrahams

Registered office

32 Govan Mbeki Ave
Standard Bank Building
Port Elizabeth
6001

Postal address

P O Box 318
Port Elizabeth
6000

Bankers

ABSA Bank Limited

Auditors

Auditor-General South Africa

Preparer

The annual financial statements were internally compiled by:
K Abrahams

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CDDA	Cacadu District Development Agency
DORA	Division of Revenue Act
EPWP	Expanded Public Works Programme
FMG	Finance Management Grant
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MDRG	Municipal Disaster Relief Grant
SARS	South African Revenue Services
SBDM	Sarah Baartman District Municipality
VAT	Value Added Tax

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Accounting Officer's Responsibilities and Approval

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the annual financial statements fairly present the state of affairs of the Municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the Municipality and places considerable importance on maintaining a strong control environment. To enable the Municipality to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the financial year and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the spectrum. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Officer has reviewed the municipality's cash flow forecast for the year to 30 June 2021 and, in the light of this review and the current financial position, he is satisfied that the Municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the municipality for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 5.

The annual financial statements set out on page 4 - 60, which have been prepared on the going concern basis, were approved by the Accounting Officer on 30 September 2020.

DM Pillay
Accounting Officer

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Statement of Financial Position as at 30 June 2020

Figures in Rand	Note(s)	2020	2019
Assets			
Current Assets			
Receivables from exchange transactions	3	1 033 192	1 354 050
Receivables from non-exchange transactions	4	678 254	650 948
VAT receivable	5	1 037 513	2 818 479
Deposits paid	6	15 410	15 410
Short-term investments	7	187 000 000	185 000 000
Cash and cash equivalents	8	25 815 246	33 336 276
		215 579 615	223 175 163
Non-Current Assets			
Investment property	9	12 127 722	12 639 722
Property, plant and equipment	10	19 957 162	19 423 038
Intangible assets	11	2 842 189	2 540 644
Heritage assets	12	15 676 000	16 212 500
Long-term receivables	13	150 199	162 195
		50 753 272	50 978 099
Total Assets		266 332 887	274 153 262
Liabilities			
Current Liabilities			
Payables from exchange transactions	14	12 177 898	24 604 940
Unspent conditional grants and receipts	15	1 388 653	-
Employee benefit obligation	16	4 976 212	4 496 292
Provisions	17	1 166 120	837 124
		19 708 883	29 938 356
Non-Current Liabilities			
Employee benefit obligation	16	53 433 814	55 555 644
Total Liabilities		73 142 697	85 494 000
Net Assets		193 190 190	188 659 262
Accumulated surplus	18	193 190 190	188 659 262

* See Note

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Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Performance

Figures in Rand	Note(s)	2020	2019
Revenue			
Revenue from exchange transactions			
Rental of facilities and equipment		712 913	1 353 066
Income from agency services		49 742	48 831
Interest received - investment		15 982 555	16 657 008
Gain on disposal of assets		-	213 470
Total revenue from exchange transactions		16 745 210	18 272 375
Revenue from non-exchange transactions			
Actuarial gain on post employment medical benefit	16	3 027 786	-
Government grants & subsidies	19	96 044 347	92 582 000
Other revenue	20	498 115	1 269 761
Total revenue from non-exchange transactions		99 570 248	93 851 761
Total revenue		116 315 458	112 124 136
Expenditure			
(Increase) in provision for debt impairment	3	(968 948)	(810 831)
Depreciation	10	(1 572 478)	(1 568 536)
Impairment of assets	27	(1 852 864)	(30 019)
Actuarial loss on post employment medical benefit	16	-	(285 792)
Discounting of post employment medical benefit	16	(5 229 859)	(5 260 705)
Remuneration of employees	21	(39 607 152)	(34 464 322)
Remuneration of councillors	22	(7 531 087)	(7 297 600)
Repairs and maintenance	23	(552 241)	(776 085)
Other grants and subsidies paid	24	(23 922 858)	(24 475 767)
Conditional grant expenditure	24	(1 393 763)	(2 866 801)
General Expenses	25	(26 242 199)	(32 356 334)
Contracted services	26	(2 579 732)	(3 298 473)
Loss of disposal of assets		(331 350)	-
Total expenditure		(111 784 531)	(113 491 265)
Surplus (deficit) for the year		4 530 927	(1 367 128)

* See Note

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Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	182 012 234	182 012 234
Adjustments		
Surplus for the year	6 401 587	6 401 587
Infrastructure levies transferred to accumulated surplus	1 612 570	1 612 570
Balance at 01 July 2018 as restated*	190 026 391	190 026 391
Changes in net assets		
Loss for the year	(1 367 129)	(1 367 129)
Total changes	(1 367 129)	(1 367 129)
Restated* Balance at 01 July 2019	188 659 263	188 659 263
Changes in net assets		
Surplus for the year	4 530 927	4 530 927
Total changes	4 530 927	4 530 927
Balance at 30 June 2020	193 190 190	193 190 190

* See Note

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Cash Flow Statement

Figures in Rand	Note(s)	2020	2019
Cash flows from operating activities			
Receipts			
Grants		96 044 347	92 582 000
Interest income		16 190 722	16 800 379
Other receipts		2 158 172	2 472 136
		<u>114 393 241</u>	<u>111 854 515</u>
Payments			
Employee costs		(46 809 243)	(41 607 621)
Cash paid to suppliers		(27 896 353)	(25 141 042)
Other payments		(38 479 615)	(25 799 170)
		<u>(113 185 211)</u>	<u>(92 547 833)</u>
Net cash flows from operating activities	28	<u>1 208 030</u>	<u>19 306 682</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(2 149 736)	(3 843 740)
Proceeds from sale of property, plant and equipment	10	308 071	226 617
Purchase of other intangible assets	11	(301 545)	-
Receipts from long term receivables		-	66 171
Net cash flows from investing activities		<u>(2 143 210)</u>	<u>(3 550 952)</u>
Cash flows from financing activities			
Payments of short-term investments		(2 000 000)	(35 000 000)
Repayment of other financial liabilities		(4 585 850)	(4 326 463)
Net cash flows from financing activities		<u>(6 585 850)</u>	<u>(39 326 463)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(7 521 030)</u>	<u>(23 570 733)</u>
Cash and cash equivalents at the beginning of the year		33 336 276	56 907 009
Cash and cash equivalents at the end of the year	8	<u>25 815 246</u>	<u>33 336 276</u>

* See Note

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Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2020

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2020											
Financial Performance											
Investment revenue	15 000 000	-	15 000 000	-	-	15 000 000	15 982 555	-	982 555	107 %	107 %
Transfers recognised - operational	96 837 000	-	96 837 000	-	-	96 837 000	95 749 591	-	(1 087 409)	99 %	99 %
Other own revenue	37 137 793	14 353 000	51 490 793	-	-	51 490 793	4 583 312	-	(46 907 481)	9 %	12 %
Total revenue (excluding capital transfers and contributions)	148 974 793	14 353 000	163 327 793	-	-	163 327 793	116 315 458	-	(47 012 335)	71 %	78 %
Employee costs											
Remuneration of councillors	(45 932 671)	-	(45 932 671)	-	-	(45 932 671)	(39 607 849)	-	6 324 822	86 %	86 %
Debt impairment	(8 195 623)	-	(8 195 623)	-	-	(8 195 623)	(7 531 087)	-	664 536	92 %	92 %
Depreciation and asset impairment	(1 800 000)	-	(1 800 000)	-	-	(1 800 000)	(968 948)	-	(968 948)	- %	- %
Transfers and grants	(31 503 000)	-	(31 503 000)	-	-	(31 503 000)	(23 922 858)	-	7 580 142	76 %	76 %
Other expenditure	(61 543 499)	(14 353 000)	(75 896 499)	-	-	(75 896 499)	(38 181 311)	-	37 715 188	50 %	62 %
Total expenditure	(148 974 793)	(14 353 000)	(163 327 793)	-	-	(163 327 793)	(111 784 531)	-	51 543 262	68 %	75 %
Surplus/(Deficit)	-	-	-	-	-	-	4 530 927	-	4 530 927		
Surplus/(Deficit) for the year	-	-	-	-	-	-	4 530 927	-	4 530 927		

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Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Capital expenditure and funds sources											
Total capital expenditure	1 418 000	5 822 000	7 240 000	-	-	7 240 000	2 451 281		(4 788 719)	34 %	173 %
Sources of capital funds											
Transfers recognised - capital	(1 418 000)	(5 822 000)	(7 240 000)	-	-	(7 240 000)	(2 451 281)		4 788 719	34 %	173 %
Cash flows											
Net cash from (used) operating	1 418 000	(1 418 000)	-	-	-	-	1 208 030		1 208 030	85 %	
Net cash from (used) investing	(1 418 000)	(5 822 000)	(7 240 000)	-	-	(7 240 000)	(2 143 210)		5 096 790	30 %	151 %
Net cash from (used) financing	-	-	-	-	-	-	(6 585 850)		(6 585 850)		
Net increase/(decrease) in cash and cash equivalents	-	(7 240 000)	(7 240 000)	-	-	(7 240 000)	(7 521 030)		(281 030)	104 %	
Cash and cash equivalents at the beginning of the year	-	-	-	-	-	-	33 336 276		33 336 276		
Cash and cash equivalents at year end	-	(7 240 000)	(7 240 000)	-	-	(7 240 000)	25 815 246		(33 055 246)	(357)%	

The actuals presented are on a comparable basis. Refer to Note 43 for explanations on material variances.

The accounting policies on pages 11 to 25 and the notes on pages 26 to 57 form an integral part of the annual financial statements.

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Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

Figures in Rand	Note(s)	2020	2019
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1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Basis of Preparation

Statement of compliance

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance.

These accounting policies are consistent with the previous period.

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the International Financial Reporting Standards and the International Public Sector Accounting Standards (IPSAS), where applicable, in terms of Directive Five including any interpretations of such Statements issued by the Accounting Practices Board. Certain accounting policies have been developed with reference to the MFMA, for e.g. unauthorised expenditure, irregular expenditure, and fruitless and wasteful expenditure policies.

These accounting policies have been applied to ensure that the financial statements provide information that is relevant to the decision-making needs of users and are reliable.

Basis of measurement

The financial statements have been prepared on the accrual basis.

Offsetting

Assets, liabilities, revenues and expenses have not been offset, except when offsetting is required or permitted by ■ Standard of GRAP

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Judgements

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Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

In the process of applying these accounting policies, management has made the following judgement that may have a significant effect on the amounts recognised in the annual financial statements.

Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

In the process of applying the entity's accounting policies, the following estimates were made:

Receivables from exchange and non-exchange transactions

The municipality assesses its Receivables from exchange and non-exchange transactions for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for Receivables from exchange and non-exchange transactions is calculated based on the grading of category of debtors according to their payment history. An accumulation of arrear balances is an indicator of debtor delinquency. Such debtors are provided for as they are considered to be impaired due to uncertainty surrounding the recoverability of the outstanding amounts.

Provisions

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amount that will be required in future to settle the provision, management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes.

Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

Post-retirement benefits

The present value of the post-retirement medical aid benefit depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate, future salary increase, mortality rates and future medical increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Other key assumptions for post-retirement medical aid benefit are based on current market conditions. Additional information is disclosed in Note 16.

Effective interest rate

The municipality used the prime interest rate less 0.5% to discount future cash flows.

Allowance for doubtful debts

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles, so that the effect of any impairment on a group of receivables would not differ materially from the impairment, that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance the estimates are made about probability of recovery of the debtors based on their past payment history and risk profile.

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Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's current condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the useful life and residual value, management considers the impact of technology and minimum service requirements of the assets.

1.5 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	50 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

1.6 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The "initial measurement" of property, plant and equipment, upon its "initial recognition" refers to property, plant and equipment's value when the current basis of accounting was first adopted, i.e. 1 July 2005. The "cost" of land and buildings on 1 July 2005 would constitute its fair value at that date as no cost is available. The "cost" of other assets would be its carrying amount (cost less accumulated depreciation) as at that date on the assumption that the carrying amounts represents the asset's fair value at 1 July 2005 if the asset was acquired prior to this date.

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Accounting Policies

1.6 Property, plant and equipment (continued)

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item		Useful life
Land		Indefinite
Buildings	Straight-line	50 years
Furniture and fixtures	Straight-line	7 - 15 years
Motor vehicles	Straight-line	5 - 10 years
Office equipment	Straight-line	2 - 10 years
IT equipment	Straight-line	2 - 10 years
Bins and containers	Straight-line	5 - 10 years
Specialised vehicles	Straight-line	5 - 20 years
Specialised plant and equipment	Straight-line	5 - 15 years

The introduction of the new Municipal Chart of Accounts has resulted in a few changes within the classification of property, plant and equipment. The change does not specifically require a reclassification as the balance of property, plant and equipment is consistent with the prior year and does not affect presentation on the Statement of Financial Position:

- Furniture and fixtures have been consolidated with Office Equipment; and
- Specialised vehicles have been consolidated with Motor vehicles

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

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Accounting Policies

1.6 Property, plant and equipment (continued)

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of the asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

A reversal of an impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Where a reversal occurs, the recoverable amount is limited to the carrying amount where no impairment occurred.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.7 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost will be measured at fair value at the date of acquisition.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	Indefinite

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Accounting Policies

1.7 Intangible assets (continued)

Intangible assets are derecognised:

on disposal; or

when no future economic benefits or service potential are expected from its use or disposal.

1.8 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.9 Financial instruments

Classification

The municipality classifies financial assets and financial liabilities into the following categories

- Financial assets at amortised cost
- Financial liabilities measured at amortised cost

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Accounting Policies

1.9 Financial instruments (continued)

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or loss, which shall not be classified out of the fair value through surplus or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or a residual interest instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for residual interest investments for which ■ fair value is not determinable, which are measured at cost.

For financial instruments which are not at fair value, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Financial assets at amortised cost are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that ■ financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in ■ subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of ■ group of similar financial assets) is derecognised where:

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Accounting Policies

1.9 Financial instruments (continued)

- the rights to receive cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to ■ third party under a 'pass-through' arrangement; or

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

Cash and cash equivalents

Cash includes cash on hand and cash held at banks. Cash equivalents are short-term, liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

Cash and cash equivalents are classified as "Financial assets at amortised cost" and are initially measured at cost. Subsequent measurement is at amortised cost.

Short-term investments

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at amortised cost are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Financial assets at amortised cost, receivable within 3 months are included in cash and cash equivalents in the Statement of Financial Position.

Investments are initially measured at fair value and subsequently at amortised cost.

Receivables from exchange and no-exchange transactions

Receivables are classified as "Financial assets at amortised cost" and are initially recognized at the fair value. Subsequent measurement is at amortised cost. An estimate is made of doubtful receivables based on ■ review of outstanding amounts at year end. Bad debts are written off during the year in which they are identified based on the assessment on the recoverability of the receivable. Amounts that are receivable within 12 months from the reporting date are classified as current.

Payables from exchange transactions

Payables are classified as "Financial liabilities at amortised cost" and are initially recognized at the fair value of the present obligation of a past event. Subsequent measurement is at amortised cost.

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Accounting Policies

1.10 VAT

The municipality accounts for Value Added Tax on the invoice basis.

The municipality is liable to account for VAT at the standard rate (15%) in terms of section 7 (1) (a) of the VAT Act, in respect of the supply of goods or services except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or is out of scope for VAT purposes.

VAT is submitted on a monthly basis to SARS.

Measurement

Initial measurement is at cost. Subsequent measurement is at amortised cost.

Derecognition

VAT is derecognised when the net payment is paid or received from SARS, whichever is applicable when the VAT return is presented.

1.11 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered) is recognised in the period in which the service is rendered and is not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Accrued leave pay

The leave pay accrual is calculated taking into account the actual number of days accrued and the remuneration as at 30 June.

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Accounting Policies

1.12 Employee benefits (continued)

Post-employment medical benefits

The municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, ■ member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the municipality for the remaining 70%. The medical aid contributions are charged to the Statement of Financial Performance as they fall due.

The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed on ■ regular basis on defined benefit contribution plans, unless exemption to do so has been obtained from the Registrar of Pension Funds.

The municipality's net obligation in respect of defined benefit retirement and post retirement plans are calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. These benefits are discounted to determine their present value, and any unrecognised past service costs and the fair value of any plan assets are deducted. The actuarial valuation is performed by an independent qualified actuary on a regular basis, using the projected unit credit method. When the calculation results in a benefit to the municipality, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. The actuarial gain is transacted in full in the Statement of Financial Performance and not calculated and accounted for according to the "corridor" method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in the Statement of Financial Performance on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the Statement of Financial Performance.

1.13 Provisions

Provisions are recognised when:

- the municipality has a present obligation as a result of ■ past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability is a possible obligation depending on whether some uncertain future event occurs not wholly within the control of the municipality, or a present obligation but payment is not probable or the amount cannot be measured reliably.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note .

SARAH BAARTMAN DISTRICT MUNICIPALITY

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Accounting Policies

1.14 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.15 Revenue from exchange transactions

Interest and rentals are recognised on a time proportion basis.

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered.

Income collected on behalf of "third parties" is recognised, at the agreed upon percentage, on a monthly basis once the income collected on behalf of the principal has been quantified. The income recognised is in terms of the service level agreement.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

All other revenue is recognised as it accrues.

1.16 Revenue from non-exchange transactions

Donations are recognised on a cash receipt basis, or where the donation is in the form of property, plant and equipment, at the fair value of the asset at the date of acquisition.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received, but the municipality has not met the condition, a liability is recognised.

Contributed property, plant and equipment is recognised when ownership of the items of property, plant and equipment is transferred to the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act no. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the criteria, conditions or obligations have not been met, a liability is recognised.

SARAH BAARTMAN DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Grants, transfers and donations

Unconditional grants and receipts

Revenue from unconditional grants is recognised when it is probable that the economic benefits or service potential will flow to the municipality and the amount of the revenue can be measured reliably. Since these grants are unconditional and there are no attached stipulations, the grants are recognised as revenue or, if the asset recognition criteria have been met, as assets in the reporting period in which they are received or receivable.

Conditional grants and receipts

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the criteria, conditions or obligations have not been met, a liability is recognised. Revenue is recognised and the liability is decreased as the conditions associated with the grant is met.

Interest earned on investments is treated in accordance with grant conditions. If interest is payable to the grantor, it is recognised as a liability and if not, it is recognised as interest earned in the statement of financial performance.

1.17 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.18 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

SARAH BAARTMAN DISTRICT MUNICIPALITY

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Accounting Policies

1.22 Irregular expenditure (continued)

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the MFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for ■ revenue in the Statement of Financial Performance.

1.23 Budget information

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on ■ accrual basis.

The approved budget covers the fiscal period from 01/07/2019 to 30/06/2020.

The budget for the economic entity includes all the entities approved budgets under its control.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting.

1.24 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

SARAH BAARTMAN DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.24 Related parties (continued)

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.25 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.26 Segmental information

The principal segments have been identified on a primary basis by classification of the revenue and expenditure in terms of the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury.

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices B and C.

The standard is not effective in the current year.

1.27 Unutilised conditional grants

Initial recognition

Unutilised conditional grants are reflected on the Statement of Financial Position as a short-term portion of unspent conditional grants. They represent unspent government grants, subsidies and contributions from the public. The following conditions are set for the creation and utilisation of these creditors:

- The grant received is initially recognised at cost as unspent conditional grants.
- Whenever an item of property, plant and equipment is funded from a grant, an amount equal to the purchase price is transferred from the unspent conditional grants account to the operating account on the Statement of Financial Performance as revenue.
- Whenever operational expenditure is funded from a grant, an amount equal to the expenditure is transferred from the unspent conditional grants account to the operating account on the Statement of Financial Performance as revenue to offset the expenditure which was expensed through the operating account.
- The cash which backs the unspent portion is invested until utilised.

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Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.27 Transitional provisions (continued)

- Interest earned on the investment is treated in accordance with grant conditions. If the grant conditions indicate that interest is payable to donors then interest earned on unutilised conditional grants is allocated to the funds and is not recognised in the Statement of Financial Performance.
- The unspent grant is classified as "Financial liabilities at amortised cost".

Subsequent measurement

Unspent conditional grants are subsequently measured at amortised cost if material.

Derecognition

Unspent conditional grants are derecognised when the balance was expended per the conditions as set for ■ grant.

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Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Directive 13: Transitional Provisions for the Adoption of Standards of GRAP by Community Education and Training (CET) Colleges	01 April 2019	The impact of the standard is not material.
GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2019	The impact of the standard is not material.
GRAP 7 (as revised 2010): Investments in Associates	01 April 2019	The impact of the standard is not material.
GRAP 8 (as revised 2010): Interests in Joint Ventures	01 April 2019	The impact of the standard is not material.
GRAP 20: Related parties	01 April 2019	The impact of the standard is not material.
GRAP 105: Transfers of functions between entities under common control	01 April 2019	The impact of the standard is not material.
GRAP 106 (as amended 2016): Transfers of functions between entities not under common control	01 April 2019	The impact of the standard is not material.
GRAP 107: Mergers	01 April 2019	The impact of the standard is not material.
GRAP 108: Statutory Receivables	01 April 2019	The impact of the standard is not material.
GRAP 109: Accounting by Principals and Agents	01 April 2019	The impact of the standard is not material.
IGRAP 11: Consolidation – Special purpose entities	01 April 2019	The impact of the standard is not material.
IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	01 April 2019	The impact of the standard is not material.
IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2019	The impact of the standard is not material.
IGRAP 19: Liabilities to Pay Levies	01 April 2019	The impact of the standard is not material.
IGRAP 19: Liabilities to Pay Levies	01 April 2019	The impact of the standard is not material.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 104 (amended): Financial Instruments	01 April 2009	Unlikely there will be a material impact
Directive 14: The application of Standards of GRAP by Public Entities that apply IFRS® Standards	01 April 2021	Unlikely there will be a material impact
Guideline: Guideline on Accounting for Landfill Sites	01 April 2020	Unlikely there will be a material impact
Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2009	Unlikely there will be a material impact
IGRAP 20: Accounting for Adjustments to Revenue	01 April 2020	Unlikely there will be a material impact

SARAH BAARTMAN DISTRICT MUNICIPALITY

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 1 (amended): Presentation of Financial Statements	01 April 2020	Unlikely there will be a material impact
GRAP 34: Separate Financial Statements	01 April 2020	Unlikely there will be a material impact
GRAP 35: Consolidated Financial Statements	01 April 2020	Unlikely there will be a material impact
GRAP 36: Investments in Associates and Joint Ventures	01 April 2020	Unlikely there will be a material impact
GRAP 37: Joint Arrangements	01 April 2020	Unlikely there will be a material impact
GRAP 38: Disclosure of Interests in Other Entities	01 April 2020	Unlikely there will be a material impact
GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2020	Unlikely there will be a material impact
IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	01 April 2020	Unlikely there will be a material impact
Directive 7 (revised): The Application of Deemed Cost	01 April 2020	Unlikely there will be a material impact
GRAP 18 (as amended 2016): Segment Reporting	01 April 2020	Unlikely there will be a material impact

SARAH BAARTMAN DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
3. Receivables from exchange transactions		
Accrued Interest	746 546	954 714
Accrued Rent	-	90 558
Rental	107 272	57 960
Salaries and Wages Debtors	270 851	292 983
Allowance for impairment	(91 477)	(42 165)
	1 033 192	1 354 050

Receivables from exchange transactions past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2020, R 15 794 (2019: R 15 794) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

3 to 6 months	15 794	-
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Receivables from exchange transactions impaired

As of 30 June 2020, trade and other receivables of R 42 165 (2019: R 42 165) were impaired and provided for.

The amount of the provision was R (91 477) as of 30 June 2020 (2019: R (150 122)).

The ageing of these loans is as follows:

3 to 6 months	15 795	14 710
Over 6 months	75 682	27 455

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(42 165)	(42 165)
Provision for impairment	(49 312)	-
	(91 477)	(42 165)

4. Receivables from non-exchange transactions

General debtors	2 031 066	2 224 461
Other receivables	86 079	96 964
Prepayments	579 480	541 290
Allowance for impairment	(2 018 371)	(2 211 767)
	678 254	650 948

Receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2020, R 12 694 (2019: R 12 694) were past due but not impaired.

The amount of R12 694 is owed by SANRAL for a property disposed of by the municipality.

The property is in the process of being transferred to the purchaser. The municipality would therefore only receive the selling price upon finalisation of the transfer of the property. No impairment was therefore considered necessary on this debtor;

The ageing of amounts past due but not impaired is as follows:

over 365 days	12 694	12 694
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SARAH BAARTMAN DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2020

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Figures in Rand	2020	2019
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4. Receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions impaired

As of 30 June 2020, other receivables from non-exchange transactions of R2 018 371 (2019: R2 211 767) were impaired and provided for.

The ageing of these receivables is as follows:

over 180 days	2 018 371	2 211 767
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Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	(2 211 767)	(2 211 767)
Provision for impairment	193 396	-
	<u>(2 018 371)</u>	<u>(2 211 767)</u>

5. VAT receivable

Vat receivable	2 150 545	2 818 479
Provision for impairment	(1 113 032)	-
	<u>1 037 513</u>	<u>2 818 479</u>

All VAT returns have been submitted by their due dates throughout the year.

VAT is accounted for on the invoice basis. No discounting was performed.

The municipality received a notification from the South African Revenue Services on 30 July 2020, indicating that an objection in respect of input vat claim of R1 113 032, related to the 201606 vat period, would be disallowed due to insufficient documentation. Management considered the event after the reporting date to be an indication that the amount of R1 113 032 is not recoverable and thus impaired the Vat receivable as at 30 June 2020.

6. Deposits paid

Deposits - Electricity	5 000	5 000
Deposits - Post Office	9 000	9 000
Deposits - Parking Grace Street	1 410	1 410
	<u>15 410</u>	<u>15 410</u>

7. Short-term Investments

All short-term investments that will mature more than 3 months, but less than 12 months after the reporting date, is classified as short-term investments and do not form part of cash and cash equivalents.

Short-term investments	187 000 000	185 000 000
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SARAH BAARTMAN DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2020

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8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	6 100	6 100
Bank balances	2 809 146	3 330 176
Short-term deposits	23 000 000	30 000 000
	25 815 246	33 336 276

Short-term deposits

Cash and cash equivalents are classified as a financial asset under Loans and receivables at amortised cost. All short term deposits mature within 3 months after the reporting date.

No discounting was performed due to the short term nature of the cash turnover and the fact that all investments earned interest. The fair value of cash and cash equivalents approximates their carrying amounts. No cash deposits were ceded as collateral.

The return on Investment for 2020 fluctuates between 4.24% and 8.63%. (2019: 7.21% and 8.63%)

Short-term Investments

Call Account Deposits	23 000 000	30 000 000
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The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
ABSA Limited 32 Govan Mbeki Avenue Port Elizabeth Current Account (Primary account): 1640-000-062	2 823 650	3 330 481	905 204	2 832 688	3 330 176	900 909
	23 000 000	30 000 000	16 000 000	23 000 000	30 000 000	16 000 000
ABSA Limited Call Account 9099288999						
Total	25 823 650	33 330 481	16 905 204	25 832 688	33 330 176	16 900 909

SARAH BAARTMAN DISTRICT MUNICIPALITY

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2019

9. Investment property

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	12 643 000	(515 278)	12 127 722	12 643 000	(3 278)	12 639 722

Reconciliation of investment property - 2020

	Opening balance	Impairments	Total
Investment property	12 639 722	(512 000)	12 127 722

Reconciliation of investment property - 2019

	Opening balance	Total
Investment property	12 639 722	12 639 722

No operating expenditure was incurred by the municipality on the investment properties during the current and previous financial year.

Investment properties are leased mainly to organs of state and the rentals are not market related. The rental revenue received for the year is R16 841 (2019: 18 163).

A register containing the information required by section 63 of the Municipal Finance Management Act 56 of 2003 is available for inspection at the registered office of the Sarah Baartman District Municipality

Refer to appendix A for more details

SARAH BAARTMAN DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2020

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10. Property, plant and equipment

	2020		2019	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation
Land	1 754 636	-	1 754 636	1 754 636
Buildings	7 246 840	(815 018)	6 431 822	7 246 840
Plant and machinery	3 138 009	(1 520 753)	1 617 256	2 039 001
Motor vehicles	11 243 375	(4 122 513)	7 120 862	12 017 468
Office equipment	5 158 776	(3 088 483)	2 070 293	4 895 883
IT equipment	4 488 158	(3 544 754)	943 404	4 310 328
Bins and containers	98 988	(80 099)	18 889	98 988
Total	33 128 782	(13 171 620)	19 957 162	32 363 144

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Work in progress	Depreciation	Impairment loss	Total
Land	1 754 636	-	-	-	-	-	1 754 636
Buildings	7 212 912	-	-	-	(12 880)	(768 211)	6 431 821
Specialised plant and machinery	602 678	-	-	1 099 008	(80 034)	(4 396)	1 617 256
Furniture and fixtures	-	-	-	-	-	-	-
Motor vehicles	6 535 386	1 683 512	(331 879)	-	(765 674)	(482)	7 120 863
Office equipment	2 138 251	276 821	(5 690)	-	(331 797)	(7 292)	2 070 293
IT equipment	1 152 254	189 403	(209)	-	(374 061)	(23 983)	943 404
Bins and containers	26 921	-	-	-	(8 032)	-	18 889
Total	19 423 038	2 149 736	(337 778)	1 099 008	(1 572 478)	(804 364)	19 957 162

SARAH BAARTMAN DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Impairment reversal	Total
Land	1 754 636	-	-	-	-	-	1 754 636
Buildings	7 212 912	-	-	-	-	-	7 212 912
Specialised plant and machinery	692 072	-	-	(89 095)	(299)	-	602 678
Motor vehicles	3 814 320	3 556 557	-	(835 491)	-	-	6 535 386
Office equipment	2 443 346	22 246	(10 002)	(300 998)	(26 328)	9 987	2 138 251
IT equipment	1 238 859	264 937	(52 389)	(335 017)	(3 391)	39 255	1 152 254
Bins and containers	34 856	-	-	(7 935)	-	-	26 921
	17 191 001	3 843 740	(62 391)	(1 568 536)	(30 018)	49 242	19 423 038

Pledged ■ security

No Assets were pledged as security during the current and previous year.

Property, plant and equipment in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of property, plant and equipment

Plant and machinery	1 099 008
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A Bid for the Supply, Delivery, Installation and Commissioning of New Generator and Associated Electrical Works was awarded to a service provider on 3 October 2019. The generator was supplied, delivered and installed during the current financial year but was not yet ready for use at year end. The cumulative expenditure on this bid was recognised the carrying value of plant and machinery at year end.

Reconciliation of Work-in-Progress 2020

	Included within	Total
Additions/capital expenditure	Other PPE	
	1 099 008	1 099 008

SARAH BAARTMAN DISTRICT MUNICIPALITY

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10. Property, plant and equipment (continued)

Property, plant and equipment held at cost

The introduction of the new Municipal Chart of Accounts has resulted in a few changes within the property, plant and equipment note. The change does not specifically require a reclassification as the balance of property, plant and equipment is consistent with the prior year and does not affect presentation on the Statement of Financial Position:

- Furniture and Fittings have been consolidated with Office Equipment; and
- Specialised vehicles have been consolidated with Motor vehicles.

Therefore, no reclassification was considered necessary.

There are no assets on the fixed asset register that are fully depreciated and still in use. All assets that are fully depreciated or impaired are separately located and will be disposed of in terms of ■ Council resolution.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Refer to appendix A for more details.

SARAH BAARTMAN DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

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11. Intangible assets

	2020		2019			
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2 842 189	-	2 842 189	2 540 644	-	2 540 644

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Total
Computer software	2 540 644	301 545	2 842 189

Reconciliation of intangible assets - 2019

	Opening balance	Total
Computer software	2 540 644	2 540 644

SARAH BAARTMAN DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
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11. Intangible assets (continued)

Computer software

CQS Software

CQS Software (Caseware) is used as an aid in the preparation of the annual financial statements. The implementation of the software consists of two components i.e. template and annual licence fees. The template is a once off purchase and has an infinite lifespan. The annual licence fee is required to operate the template and is expensed annually.

Financial Systems (APPX)

The financial system was initiated through an annual licence with no initial purchase price. The software was then internally developed to meet the financial and other processing requirements of the municipality. In January 2020, Council approved the change of the financial system from Sage Evolution to the in-house owned APPX Financial System with effect from 1 July 2020. Certain modules of the APPX Financial System were further developed to ensure that the municipality meets the Municipal Standard Chart of Accounts requirements before the 2020/21 financial year. The costs of this development were capitalised to the to cost of computer software.

mSCOA Budget System (APPX)

An mSCOA compliant budget module was developed on the in-house APPX system in order to ensure that the municipality meets the Municipal Standard Chart of Accounts requirements before the 2020/21 financial year. The costs of this development were capitalised to the to cost of computer software.

Performance Management System

The performance management system was developed internally with the use of ■ consultant. The asset meets the definition of ■ intangible asset, but does not meet the recognition criteria as the internal cost cannot be measured reliably. The cost of the consultant however amounted to R258 959. This amount has not been capitalised to the cost of computer software.

Annual Financial Statements for the year ended 30 June 2020

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A register containing the information required by section 63 of the Municipal Finance Management Act 56 of 2003 is available for the inspection at the registered office of the Sarah Baartman District Municipality.

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SARAH BAARTMAN DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
13. Long-term receivables		
Disciplinary action recoveries	150 199	162 195
Classified as a financial asset and measured at fair value.		
14. Payables from exchange transactions		
Accrued annual bonus	730 506	578 736
Accrued expenses	4 823 240	6 199 080
Accrued leave pay*	2 696 113	1 511 689
Makana Municipality - MIG	-	11 929 308
Makana Municipality - MIG Interest	3 292 815	2 769 263
Payments in advance - Other	264 785	342 434
Trade payables	369 949	1 269 084
Unidentified deposits	300	6 892
Employee costs	190	(1 546)
	12 177 898	24 604 940

*Not financial instruments.

Normal terms of payments is 30 days and no amortisation was calculated.

Makana Municipality MIG

The prior year balance of R11 929 308 relates to the 2017/18 MIG grant allocation of Makana Municipality. The grant was transferred to SBDM to ensure proper management of the grant funds in terms of the MFMA and the grant conditions. A Service Level Agreement was entered into between the SBDM and Makana Municipality to manage the proper disbursement of the current MIG allocation as well as the approved rollover amount. The grant was fully spent during the current year.

Payments in Advance - Other

When the roadworks, emergency medical services and health function was transferred to Province, the municipality was requested to administer the payments to pensioners as the provincial system could not accommodate past employees. An agreement was entered into between the municipality and Province whereby Province would pay the pensioners' annual amount to the municipality and the municipality administers the monthly payment. Included in payments in advance - other is an amount of R264 285 (2019: R341 480) relating to the payments to pensioners.

15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Rural Roads Asset Management Grant	1 107 990	-
Municipal Disaster Relief Grant	280 663	-
	1 388 653	-

See note 21 for the disclosure requirements in terms of section 123(1) of the MFMA. A complete list of all conditions are available for viewing at the municipality during office hours.

An application for rollover of the balance was made by the municipality to National Treasury in accordance with MFMA Circular 99.

SARAH BAARTMAN DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2020

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16. Employee benefit obligations

Post Retirement fund benefits

Employees and council contribute to Cape Joint Retirement Fund on the basis of a fixed contribution, which is expensed.

The municipality's net obligation in respect of post employment medical benefit was calculated by One Pangaea Expertise & Solutions as at 30 June 2020 (2019: Arch Actuarial Consulting). The provision was established for the purpose of generating interest that is utilised to fund the yearly medical scheme commitments in respect of post employment medical benefits. The expected future outflows is dependent upon the life expectancy of existing members and their spouses.

77 Principle members are currently covered by the fund (2019: 79)

Valuation method

The death in-service benefit is regarded as a post employment liability under the requirements of the Standards of GRAP 25.

Post retirement benefits

The method of accrual that has been used in the valuation is based on the length of service at the valuation date relative to the total potential service until the expected retirement date. The future-service liability is the difference between the total liability and the past-service liability.

Accrued defined benefit obligation

The accrued liability is the value of the employer's share of the contribution-based liability.

Current service cost

The current service cost for the following year is determined as the amount assumed to accrue to the member over the next twelve months.

The amounts recognised in the statement of financial position are as follows:

Carrying value

Long-term portion of post-employment medical benefit	(53 433 814)	(55 555 644)
Short-term portion of post-employment medical benefit	(4 976 212)	(4 496 292)
	(58 410 026)	(60 051 936)
Non-current liabilities	(53 433 814)	(55 555 644)
Current liabilities	(4 976 212)	(4 496 292)
	(58 410 026)	(60 051 936)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	60 051 936	58 523 945
Contributions (benefits) paid	(4 585 850)	(4 326 463)
Current service costs	741 867	307 957
Actuarial loss/(gain)	(3 027 786)	285 792
Interest costs (discounting)	5 229 859	5 260 705
	58 410 026	60 051 936

SARAH BAARTMAN DISTRICT MUNICIPALITY

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Figures in Rand	2020	2019
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16. Employee benefit obligations (continued)

The estimated expected timing of resulting outflows of post employment medical benefits are:

Within one year	4 976 212	4 496 292
Later than one year, not later than five years	14 928 636	14 330 426
Later than five years	38 505 178	41 225 218
	58 410 026	60 051 936

Accumulative actuarial gains and losses

Balance at the beginning of the year	(828 807)	(1 114 599)
Projected during the year	(3 027 786)	285 792
	(3 856 593)	(828 807)

The present value of the defined benefit obligation for the current annual period compared to the previous four annual periods ■■ as follows:

Financial period 2015/2016	62 942 328	-
Financial period 2016/2017	59 864 357	-
Financial period 2017/2018	58 523 945	-
Financial period 2018/2019	60 051 936	-
Financial period 2019/2020	58 410 026	-
	-	-

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	10,83 %	9,04 %
Consumer price inflation	5,50 %	5,05 %
Health care cost inflation	7,00 %	6,55 %
Maximum subsidy inflation rate	3,58 %	2,34 %

The discount rate was determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2020 is 10.83% per annum, and the yield on the inflation-linked bonds of a similar term was about 4.58% per annum, implying an underlying expectation of inflation of 5.50% per annum.

A healthcare cost inflation rate of 7.0% was assumed. This is 1.5% in excess of the expected inflation over the expected term of the liability, consistent with the previous actuary.

SARAH BAARTMAN DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2020

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17. Provisions

Reconciliation of provisions - 2020

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	481 716	751 936	-	(481 716)	751 936
Long service bonus	355 408	414 184	(160 817)	(194 591)	414 184
	837 124	1 166 120	(160 817)	(676 307)	1 166 120

Reconciliation of provisions - 2019

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	202 318	279 398	-	-	481 716
Long service bonus	480 505	355 408	(213 133)	(267 372)	355 408
	682 823	634 806	(213 133)	(267 372)	837 124

Performance bonus provision

Performance bonuses are calculated based on performance agreements, which are linked to key performance indicators in the performance plans of the Municipal Manager and Directors. The key performance indicators are directly linked to the Service Delivery and Budget Implementation Plan. Bonuses are expected to be paid during the following financial year dependent on the outcome of the performance reviews and council approval. No performance reviews since the 2017/18 financial year. Reviews are planned to take place in the 2020/21 financial year and the expected performance bonuses have been included in the provision.

Long service bonus provision

Long service bonuses are calculated based on South African Local Government Association regulations. These bonuses are payable in the financial year in which the employees reach the required number of years of service.

18. Accumulated surplus

The accumulated surplus is reserved for the following purpose:

General	193 190 190	188 659 263
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The cash backed portion of the accumulated surplus is ring fenced for the following purpose:

General	163 190 190	187 546 231
Relocation costs allocated to surplus	30 000 000	-
	193 190 190	187 546 231

SARAH BAARTMAN DISTRICT MUNICIPALITY

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Figures in Rand	2020	2019
19. Government grants and subsidies		
Operating grants		
Equitable share	93 464 000	88 342 000
Grant funding - expenditure reimbursement	2 580 347	4 240 000
	96 044 347	92 582 000

Equitable Share

In terms of the Constitution, this grant is used to subsidise to finance the operations of the institution.

DORA

Current-year receipts	3 969 000	4 240 000
Conditions met - transferred to revenue	(2 580 347)	(4 240 000)
	1 388 653	-

Conditions still to be met - remain liabilities (see note 15).

The following conditional grants were received through the DORA allocations during the financial year:

R1 000 000 - Finance Management Grant (FMG)
R 598 000 - Municipal Disaster Relief Grant (MDRG)
R2 373 000 - Rural Roads Asset Management Grant (RAMMS)

20. Other revenue

Contribution from skills development fund	75 596	74 359
Job evaluation fees	332 285	1 016 318
Other income	38 738	142 802
Settlement discount received	28 959	27 065
Tender Deposits	22 537	9 217
	498 115	1 269 761

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21. Employee related costs

Remuneration of employees	39 607 849	34 464 322
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The remuneration of employees are determined in accordance with the task grade and the applicable notch allocated to the employees in their positions. The municipality is graded as a Category 5 municipality which effects the remuneration ranges of positions of employees. The municipality operates in accordance with the Collective Agreements entered into between the municipality and Bargaining Council.

Set out below are details for remuneration paid to Directorate Heads (included in remuneration of employees)

Remuneration of municipal manager

Annual remuneration	1 237 442	1 210 664
Car allowance	156 000	156 000
Travel and Subsistence claims	71 641	75 501
Acting allowance	-	23 406
	1 465 083	1 465 571

Mr DM Pillay was appointed on 1 March 2017 as Municipal Manager for a period of 5 years.

Remuneration of the Director: Finance and Corporate Services

Annual remuneration	782 694	999 356
Car allowance	90 000	120 000
Travel and Subsistence claims	42 317	58 896
	915 011	1 178 252

Mr RN Lorgat was appointed on 1 September 2016 as Director: Finance and Corporate Services for a period of 7 years. Mr RN Lorgat resigned on 31 March 2020. The current year remuneration therefore reflects a period of 9 months only.

Remuneration of the Director: Infrastructure Development and Community Services

Annual Remuneration	1 027 430	997 732
Car Allowance	120 000	120 000
Travel and Subsistence claims	30 884	16 639
	1 178 314	1 134 371

Ms T Betha was appointed on 1 January 2018 as Director: Infrastructure Development and Community Services for a period of 5 years.

Remuneration of the Director: Planning and Economic Development

Annual Remuneration	1 027 654	998 343
Car Allowance	120 000	120 000
Travel and subsistence claims	66 574	59 219
Acting Allowance	-	38 944
	1 214 228	1 216 506

Ms U Daniels was appointed on 1 January 2018 as Director: Planning and Economic Development for a period of 5 years.

SARAH BAARTMAN DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2020

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22. Remuneration of councillors

Executive Mayor	1 009 347	929 713
Speaker	760 842	742 162
Portfolio Councillor: Special Programmes	737 033	691 210
Portfolio Councillor: Finance	741 066	704 352
Portfolio Councillor: Corporate Services	691 246	621 980
Portfolio Councillor: Infrastructure Development and Community Services	740 873	691 935
Portfolio Councillor: Planning and Economic Development	738 571	706 855
District Councillors	2 112 109	2 209 393
	7 531 087	7 297 600

In-kind benefits

The Executive Mayor and Mayoral Committee Members are full-time Councillors and are provided with offices and secretarial support at the cost of the council. The salaries, allowances and benefits of councillors of the municipality are within the upper limits of the framework envisaged in section 2019 of the constitution.

The Executive Mayor and Speaker have the use of a council owned vehicle for official duties.

The disclosed amounts relates directly to the amount paid to the Councillors allocated to the specific Portfolios.

23. Repairs and maintenance

Repairs and maintenance: Grounds & Buildings	272 532	353 380
Repairs and maintenance: Plant and machinery	241 969	313 970
Repairs and maintenance: Computer equipment	37 740	108 734
	552 241	776 084

SARAH BAARTMAN DISTRICT MUNICIPALITY

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24. Conditional grants expenditure and other grants and subsidies paid		
Under conditional grant expenditure	1 393 763	2 866 801
Under employee costs	170 677	470 000
Under contracted services and general expenses	721 150	460 870
Total conditional grants and subsidies paid	2 285 590	3 797 671
Other grants and subsidies paid		
Sundries	328 183	61 697
Fire services subsidies	6 464 675	8 414 972
Cacadu Development Agency (CDA)	6 000 000	5 500 000
Environmental health subsidies	11 130 000	10 499 099
	23 922 858	24 475 768
Total other grants and subsidies paid	26 208 448	28 273 439
25. General expenses		
Advertising	2 217 916	1 972 140
Auditors remuneration	3 135 960	3 561 074
Catering	994 604	1 356 759
Congress and visits	2 099 190	2 894 070
Fuel and oil	716 933	1 052 862
General - other	1 755 902	1 730 768
Insurance	409 541	442 148
Legal expenses	19 188	73 953
Licenses	1 314 264	921 293
Printing and stationery	1 226 598	1 003 132
Project costs	9 424 880	13 560 490
Publications	694 615	647 990
Subscriptions	633 638	636 612
Telephone and fax	226 267	296 233
Training and development	305 726	1 189 898
Utilities	1 066 977	1 016 912
	26 242 199	32 356 334
26. Contracted services		
Outsourced Services		
Consultant - mSCOA system	548 064	1 394 574
Cleaning Services	522 790	534 350
Internal Auditors	648 790	527 142
Security Services	851 371	840 807
Consultants and Professional Services		
Professional services (Actuarial)	8 717	1 600
	2 579 732	3 298 473

SARAH BAARTMAN DISTRICT MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2020	2019
27. Impairment of assets		
Impairments		
Property, plant and equipment	804 363	30 019
In assessing whether there is any indication that the asset may be impaired, the asset was found to be significantly damaged. The recoverable amount of the asset was based on its fair value less costs to sell.		
Investment property	512 000	-
In assessing whether there is any indication that the asset may be impaired, the asset was found to be significantly damaged. The recoverable amount of the asset was based on its fair value less costs to sell.		
Heritage assets	536 500	-
In assessing whether there is any indication that the asset may be impaired, the asset was found to be significantly damaged. The recoverable amount of the asset was based on its fair value less costs to sell.		
	1 852 863	30 019
28. Cash generated from operations		
Surplus (deficit)	4 530 927	(1 367 129)
Adjustments for:		
Depreciation and amortisation	1 572 478	1 568 536
Gain (loss) on sale of assets and liabilities	331 350	(213 471)
Impairment deficit	1 852 864	30 019
Debt impairment	968 948	810 831
Movements in provisions	328 996	154 302
Loss/(gain) on actuarial valuation for post employment medical benefits	(3 027 786)	285 792
Service costs	741 867	307 957
Discounting of post employment medical benefit obligation	5 229 859	5 260 705
Changes in working capital:		
Receivables from exchange transactions	271 545	(1 936)
Receivables from non-exchange transactions	166 090	423 349
Payables from exchange transactions	(12 427 042)	12 525 292
VAT	667 934	(477 565)
	1 208 030	19 306 682

SARAH BAARTMAN DISTRICT MUNICIPALITY

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29. Contingent assets

The municipality has no contingent assets in the current and previous financial years.

30. Contingent liabilities

A possible contingent liability exists in respect of a claim of R200 000 made against the municipality by the Sunday's River Valley Contractors Association for monies on a housing project that was completed. The matter is being defended.

31. Unauthorised expenditure

No unauthorised expenditure was incurred in the current and previous financial years.

32. Fruitless and wasteful expenditure

Opening balance as previously reported	29 717	23 575
Opening balance as restated	29 717	23 575
Add: Expenditure identified - current	6 485	8 517
Add: Expenditure identified - prior period	2 824	-
Less: Expenditure certified as irrecoverable/ written off by Council	(972)	(2 375)
Less: Amounts recoverable - prior period	(10 369)	-
Closing balance	27 685	29 717

Details of fruitless and wasteful expenditure:

The prior and current year expenditure of R2 824 and R6 485 relates to accommodation and flights not utilised, which have been submitted to Council for investigation.

33. Irregular expenditure

Opening balance	1 547 508	320 518
	-	-
Add: Irregular Expenditure - current year	4 967 281	1 400 079
Less: Expenditure certified as irrecoverable/ written off by council	(1 517 507)	(173 089)
Closing balance	4 997 282	1 547 508

Details of irregular expenditure

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R 1 517 507 (2019: R173 089) from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

An amount of R4 967 281 relates to bids/quotes awarded that did not comply with supply chain management regulations which have been submitted to Council for investigation.

Bids/quotes awarded that did not comply with supply chain management regulations	4 967 281	1 400 079
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SARAH BAARTMAN DISTRICT MUNICIPALITY

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34. Commitments

Authorised capital expenditure

Capital expenditure	786 208	1 037 000
Approved and contracted for		

This committed expenditure relates to capital assets and will be financed by retained surpluses.

Authorised operational expenditure

Non-capital expenditure	16 822 435	5 493 307
Approved and contracted for		

This non-capital expenditure relates to other commitments and will be financed by conditional grants and retained surpluses.

The municipality has additional commitments with service providers which were awarded on rate basis and budget availability. These additional commitments are related to services for vehicle maintenance, fuel cards and tracking services, short term insurance, advertising services, financial services support to local municipalities and travel agency services. The value of these commitments cannot be quantified as the commitment is only raised upon the usage of the services.

Operating leases - as lessor (Income)

Minimum lease payments due	64 265	919 718
- within one year	424	434
- from second to fifth year inclusive	1	102
- later than five years		
	64 690	920 254

Operating leases - as lessee (expense)

Minimum lease payments due	5 493 307	17 032 816
Approved and contracted for		

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

Operating leases - as lessor (income)

Minimum lease payments due	919 718	1 714 900
- within one year	434	851 650
- from second to fifth year inclusive	102	103
- later than five years		
	920 254	2 566 653

Certain of the municipality's equipment is held to generate rental income. Rental of equipment is expected to generate rental yields of -% on an ongoing basis. Lease agreements are non-cancellable and have terms from 3 to 6 years. There are no contingent rents receivable.

SARAH BAARTMAN DISTRICT MUNICIPALITY

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35. Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Stringent cash management procedures are in place. These include cash flow forecasting.

A sensitivity analysis has not been performed and included, as the municipality is not exposed to foreign exchange risk. The municipality does not enter into any foreign exchange transactions and since the municipality effects payments on presentation of invoices, no interest rate charges are applicable. It would thus be misleading to provide a sensitivity analysis.

The following table details the municipality's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the entity can be required to pay. The table includes both estimated interest and principal cash flows.

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35. Risk management (continued)

At 30 June 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	9 482 292	-	-	-
At 30 June 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	23 093 251	-	-	-

The current account and the call account expose the municipality to an interest rate risk on cash flows. Deposits attract interest at a rate that varies according to the prime banking rate.

The municipality manages this interest rate risk by ensuring that all surplus funds are invested in fixed rate instruments and by maintaining the minimum possible balance in the current account.

The interest rates on the fixed deposits are fixed, but varies from investment to investment.

Should the prime rate vary by 1% in either direction, the effect on the cash balance would be R1.9 million in either direction.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and debtors. The municipality only deposits cash with banks which have an equity above R10 billion with a good credit rating.

The most significant concentration of credit risk is the outstanding receivables. Management believes that the allowance for impairment adequately addresses the credit risk involved.

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36. Related parties

Relationships

Wholly-owned municipal entity

Post employment benefit plan for employees of entity and/or other related parties

Cacadu District Development Agency (CDDA)
Hosmed/Key Health

LA Health
Samwumed
Bonitas
Executive Mayor
Speaker
Mayoral Committee members
Councillors
Municipal Manager
Directors

Members of key management

(Refer note 25 and 26 for details of key management)

The municipality has provided the CDDA with an unconditional grant of R6 000 000 (2019: R5 500 000) to fund its operations

The municipality, as part of the conditions of service of employees, keeps on contributing its portion of the contributing members to medical aid funds at the retirement of these employees as long as this member is alive and contributing his or her portion. Transactions with these schemes amounted to Rxx (R2019: 5 319 920).

Members of key management are those persons that have the authority and responsibility for planning, directing and controlling the activities of the municipality, directly or indirectly.

Awards to close family members of persons in the service of the state - 2020

Supplier Name	Name	Relation to Supplier	Organ of State	Amount
CHM Vuwani Computer Solutions (EC)	Duncan Monks	Child – Patrick Monks	Clr. Nelson Mandela Bay Municipality	R 157 207,33
7 Icons (Pty) Ltd	Nomonde Mnyande	Spouse - S P Mnyande	Department of Justice	R 27 000,00
Quest Staffing Solutic	N S Ndhlaizi	Spouse (T Ndhlaizi)	SA Post Office (Excecutive Head of Strategy)	R 165 873,70
Gilgal Development C	Z Nyila	Spouse (M J Nyila)	Nelson Mandela Bay Municipality (Technologist Officer)	R 19 751,77

SARAH BAARTMAN DISTRICT MUNICIPALITY

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36. Related parties (continued)

Awards to close family members in the service of the state - 2019

Supplier Name	Relation to Supplier Name	Relationship	Organ of State Organ of State	Award
Mindspring Computing cc	W Khan	Spouse (R Loghduy)	Dept of Economic Development and Tourism	R 25 603,82
Razz Matazz Business Solutions	Signoria Phumeza Madlakana	Spouse (L Madlakana)	SBDM	R 8 500,00
GRAHAMSTOWN HOME BUILDERS	D F Gqamana	Spouse (T Gqamana)	Area manager - Ght Hospital (Dept of Health)	R 600 000,00
Quest Staffing Solutions (Pty) Ltd	N S Ndhrazi	Spouse (T Ndhrazi)	SA Post Office	R 1 798,60
Ebusha General Trading (Pty) Ltd		- Daughter (N Yankey)	Area Manager - Economic Developmental Affairs & Tourism	R 21 258,79

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36. Related parties (continued)

Related party relationships - councillors and employees

Councillor	Entity name	Transactions
DJ Bezuidenhout	Sakkies Housing Development	None
	Longfield Trust	None
KE Kekana	The Eunice Kekana Foundation	None
J Britz	Britz Attorneys	None
	Kiepersol Eiendomsontwikkeling	None
ME Njadayi	Mzimkhulu Scara Njadayi Foundation (NPO)	None
FJ Yake	Empumelelweni Trust	None
M Dayimani	Dayimani Initiatives (Pty) Ltd	None
	7th Heaven Charity Organisation	None
PP Faxi	NFT t/a Sibanye cc	None
	Rubicon Vision (Pty) Ltd	None

Employee	Entity name	Transactions
B Botha	Mabuyi Projects	None
M Bendle	Win = Win Solutions	None
	Karredene 100 cc	None
	Project for Conflict Resolution and Development	None
C Mabindla	Maduna and Qhinebe General Suppliers	None
E Goliath	Ched Holdings (Pty) Ltd	None

Remuneration of management

Management class: Councillors

Refer to note 26 "Remuneration of councillors"

Management class: Executive management

Refer to note 25 "Employee related costs"

37. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	(514 226)	(531 460)
Council subscription	514 226	531 460
Amount paid in advance for the following year	(550 212)	(514 226)
Amount paid in advance (Included in receivables)	<u>(550 212)</u>	<u>(514 226)</u>

External Audit fees

Current year audit fee	3 516 678	3 993 402
Amount paid - current year	<u>(3 516 678)</u>	<u>(3 993 402)</u>
	-	-

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37. Additional disclosure in terms of Municipal Finance Management Act (continued)

PAYE, UIF and SDL

Opening balance	575 988	287 559
Current year payroll deductions	9 853 446	9 656 889
Amount paid - current year	(9 565 016)	(9 368 460)
	<u>864 418</u>	<u>575 988</u>

Pension and Medical Aid Deductions

Current year payroll deductions and Council Contributions	19 642 745	17 627 134
Amount paid - current year	(19 647 801)	(17 627 134)
	<u>(5 056)</u>	<u>-</u>

VAT

VAT receivable	<u>1 037 513</u>	<u>2 818 479</u>
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VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

SARAH BAARTMAN DISTRICT MUNICIPALITY

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38. Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. Refer to Note 5.

The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements. Management is not aware of any non-adjusting events after the reporting date.

The President of South Africa declared a nationwide lockdown, which commenced at midnight on 26 March 2020, due to the COVID-19 pandemic.

The Minister of Finance issued a Ministerial Exemption in terms of section 177(1)(b) of the MFMA on 05 August 2020, whereby municipalities and municipal entities are exempted from submitting its annual financial statements and related reports for auditing on 31 August 2020. The effect of this notice allows municipalities and municipal entities a two-month extension in submitting its Annual Financial Statements (AFS), Annual Reports, Audit Opinions and Oversight Reports. The District Municipality will be utilizing the Ministerial Exemption and will submit the AFS and related reports for the 2019/20 financial year, to the Auditor-General on 30 September 2020.

National lockdown did not have a significant impact on the revenue and assets as the district municipality does not provide basic services. The operations of the district municipality was affected as only certain officials could report for work.

39. Compliance with the Municipal Finance Management Act

The municipality has implemented additional controls to ensure compliance with the MFMA. Management is not aware of any other non-compliance by the municipality that would require disclosure in the financial statements.

40. Financial Instruments disclosure

Categories of financial instruments

2020

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	1 036 412	1 036 412
Receivables from non-exchange transactions	699 539	699 539
Deposits paid	15 410	15 410
Cash and cash equivalents	25 815 246	25 815 246
Short term investments	187 000 000	187 000 000
	214 566 607	214 566 607

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	9 482 292	9 482 292

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40. Financial instruments disclosure (continued)

2019

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	1 354 050	1 354 050
Receivables from non-exchange transactions	650 948	650 948
Deposits paid	15 410	15 410
Cash and cash equivalents	33 336 276	33 336 276
Short term investments	185 000 000	185 000 000
	220 356 684	220 356 684

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	23 093 251	23 093 251

41. Change in estimate

Property, plant and equipment

The useful life of certain plant was estimated in 2004 to be 15 years. In the current period management have revised their estimate to 10 years. The effect of this revision has increased the depreciation charges for the current and future periods by R 143 775

42. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the council and includes a note to the annual financial statements.

The following deviations from the supply chain management policy were approved by the accounting officer during the financial year:

Reasons	2020	2019
Emergency	272 025	600 000
Goods or services are produced or available from a single supplier	1 246 883	1 254 440
In any other exceptional case where it is impractical to follow supply chain processes	1 719 037	3 117 925
	3 237 945	4 972 365

43. Budget differences

Material differences between budget and actual amounts

Variances in the budgeted amounts and the actual amounts are considered material when the actual amount is more than 10% lower than the budgeted amount for both revenue and expenditure as well as where revenue exceeds 5% of the budgeted amount.

The material variances are as follows:

Other own revenue

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43. (continued)

Based on the principles of budgeting, this area is utilised to fund the budget of the municipality and therefore the budgeted amount is high. The amount reflected in the financial statements is however only the actual other revenue received during the year. The variance therefore relates to the portion utilised to balance the revenue budget from accumulated surplus.

Employee costs

The variance of 14% was attributable to vacancies. This has resulted in savings in employee related costs.

Transfers and grants

The total variance of 24% was mainly attributable underspending of the fire subsidy and fire equipment provided to local municipalities. An amount of R5.1m (44% of the total budget) of fire subsidy and R1.7m (70% of the total budget) of fire equipment was not spent at year end as local municipalities did not timeously identify and submit their capital requests to the District municipality.

Other expenditure

The variance of 50% is mainly due to under-expenditure on own-funded projects. Other factors that contributed to the variance are:

- reduction in travel and accommodation due to travel restrictions during the National State of Disaster resulting from the Covid pandemic;
- reduction in audit fees as the Auditor-General did not perform the expected planning of the audit during April 2020; and
- reduction in repairs and maintenance as expected renovations for te new tenants on the ground floor did not occur due to agreements that still had to be concluded with Department of Public Works.

Another factor that contributed to the underspending is the National State of Disaster resulting from the Covid pandemic.

Capital expenditure

The variance of 66% is mainly attributed to underspending on ICT capital projects due to lack of sufficient resources in the ICT section.

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44. Conditional grants and receipts

	UNSPENT BALANCE 30 JUNE 2019 RAND	CONTRIBUTIONS/ ADJUSTMENTS RAND	INTEREST ALLOCATED RAND	VALUE ADDED TAXATION RAND	CURRENT YEAR RECEIPTS RAND	TRANSFER TO REVENUE RAND	CAPITAL EXPENDITURE RAND	UNSPENT BALANCE 30 JUNE 2020 RAND
FINANCE MANAGEMENT GRANT	-	-	-	(108,172)	1,000,000	(891,828)	-	-
RURAL ROADS ASSET MANAGEMENT GRANT	-	-	-	(165,001)	2,373,000	(1,100,009)	-	1,107,990
MUNICIPAL DISASTER RELIEF GRANT	-	-	-	(21,582)	596,000	(293,755)	-	280,663
	-	-	-	(294,755)	3,969,000	(2,285,592)	-	1,388,653

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45. Disclosure of Grants And Subsidies, in terms of Section 123 Of MFMA, 56 of 2003

Name of Grant	Name of Organ of state	2019/2020						2019/2020				Reason for		Comply	Reason
		Quarterly Receipts			Quarterly Expenditure			June		Grants and Subsidies Delayed / Withheld Rand		delay/ withholding funds			
		Sept	Dec	Mar	June	Sept	Dec	Mar	June	Rand	Rand	Rand	Rand		
FINANCE MANAGEMENT GRANT	National Government	1,000,000	-	-	-	-	-	667,311	51,057	281,632	-	-	N/A	YES	N/A
	National Government	1,661,000	-	712,000	-	-	-	-	-	1,265,010	1,107,990	-	N/A	YES	N/A
	National Government	-	-	-	596,000	-	-	-	-	315,337	280,663	-	N/A	YES	N/A
		2,661,000	-	712,000	596,000	-	-	667,311	51,057	1,861,979	1,388,653				

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46. Summary of Investment Accounts

FINANCIAL INSTITUTION	ACCOUNT NUMBER	PERIOD MNTHS	% INT RATE	DATE INVESTED	DATE MATURING	INVEST/MATURE 2018/2019	BALANCE 30 JUNE 2019
ABSA GROUP	2077814361	12	8.15%	05-Oct-18	04-Oct-19	8,000,000	
FNB	74575507924	12	8.21%	05-Oct-18	04-Oct-19	12,000,000	
NEDBANK	7881501480000153	12	8.63%	05-Oct-18	04-Oct-19	15,000,000	
INVESTEC	JA10058181	9	7.60%	28-May-19	25-Feb-20	15,000,000	
ABSA GROUP	2078343721	12	8.26%	27-Mar-19	25-Mar-20	34,000,000	
STANDARD BANK	088430537205	12	8.30%	27-Mar-19	25-Mar-20	13,000,000	
ABSA GROUP	2078490364	12	7.91%	28-May-19	26-May-20	7,000,000	
FNB	74812884150	12	7.93%	28-May-19	26-May-20	29,000,000	
NEDBANK	7881501480000154	12	7.93%	28-May-19	26-May-20	19,000,000	
STANDARD BANK	088430537206	12	7.93%	28-May-19	26-May-20	33,000,000	
CASH AND CASH EQUIVALENTS							0
ABSA GROUP	2078793067	12	7.53%	08-Oct-19	06-Oct-20		9,000,000
FNB	74784655481	12	7.50%	08-Oct-19	06-Oct-20		11,000,000
INVESTEC	JA10167720	12	7.43%	08-Oct-19	06-Oct-20		1,000,000
NEDBANK	7881501480000155	12	7.95%	08-Oct-19	06-Oct-20		14,000,000
ABSA GROUP	2079231783	6	5.25%	03-Jun-20	03-Dec-20		44,000,000
FNB	74812884150	6	4.69%	03-Jun-20	03-Dec-20		32,000,000
INVESTEC	JA10360465	6	4.38%	03-Jun-20	03-Dec-20		6,000,000
STANDARD BANK	088430537207	6	4.24%	03-Jun-20	03-Dec-20		48,000,000
NEDBANK	7881501480000156	12	5.15%	03-Jun-20	02-Jun-21		22,000,000
SHORT TERM INVESTMENTS							187,000,000
BALANCE 30 JUNE 2020							187,000,000